



Procedure

Procedure Number: SNS-PC-P02 R01

Date: 8 January 2003

Revision: 1

Title: SNS Duty-Free Import Process

Copies: This document is available on the SNS web site. If you are working with a copy, you should periodically verify that it is the current revision number.

PURPOSE

Foreign materials imported for Department of Energy (DOE), the entry of which is necessary in the interest of the common defense and security of the United States (U.S.), are exempt from import duty. Such materials qualify for exemption under Subchapters VIII and X of Chapter 98 of 19 U.S.C. 1202 and the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 9808.00.50. The DOE Contracting Officer certifies that the imported material in question meets the requirements in subheading 9808.00.50 as provided in 19 CFR 10.102, and the import enters the U.S. duty-free.

SCOPE

This process sets forth roles and responsibilities of identifying, documenting, and achieving duty-free importation of foreign items delivered to the Spallation Neutron Source (SNS) Project site in Oak Ridge, Tennessee.

AUTHORITY

All materials acquired for use on the SNS Project are DOE (Government) property. Subchapters VIII and X of Chapter 98 of 19 U.S.C. 1202 provide for the duty-free importation for materials purchased by DOE and its contractors, the entry of which is necessary in the interest of the common defense and security of the United States. The UT-Battelle M&O Contract with DOE (DE-AC05-00OR22725) allows the purchase of material for the SNS Project. Other Partner Laboratories on the SNS Project, using similar procurement authority, will purchase items that will be delivered directly from the foreign vendor to Oak Ridge. In those circumstances UT-Battelle is the consignee of the foreign items and liable for any import duty. The DOE Contracting Officer for the UT-Battelle M&O Contract has the authority to identify foreign materials that fall under the provision of 19 U.S.C. 1202 and issue a certificate of exemption from import duty (FAR 43.302 Contract Administration Functions). If needed, this certification can also be used to comply with the trade sanction exemption in FAR Subpart 25.6. Foreign materials are defined as any item that might be subject to import duty under the Commerce Department regulations.

The SNS Project is specifically identified in the DOE Strategic Plan which states, “our Nation’s economic prosperity, quality of life, and security [stem] of public commitments to basic research.” The National Academy of Sciences notes that much of the country’s economic growth, quality of life, and security derives from nation investments and leadership in science and technology. The Phase III Report from the United States Commission on National Security/21st Century, entitled *Road Map for Nation Security: Imperative for Change* states, “inadequacies of our systems of research and education pose a greater threat to U.S. national security over the next quarter century than any potential conventional war.” The Commission recommended an increase in funding for advanced technology because, “[t]he technology base that propels the economy is in turn increasingly crucial for national defense.”

**DISCUSSION**

The SNS Project is a collaboration of DOE Laboratories from across the U.S., which will provide the most powerful and versatile pulsed neutron beams in the world. This device will help keep the U.S. a leader in scientific research and will be a significant part of the US superiority in economic competitiveness. Several U.S. leaders have identified maintaining the U.S. as a significant economic force as a matter of common defense and security of this country. When implemented at the appropriate threshold, the duty-free exemption allows the Project to save line item funds that will be used directly on the Project. The persons involved in this process include Partner Laboratory and SNS Procurement, DOE Contracting Officer, the SNS Technical Contact, ORNL Transportation, the Receiving, Acceptance, Testing and Storage (RATS) Facility Receiving Department, and the ORNL Import Broker.

IMPLEMENTATION

- (a) Partner Laboratory or SNS Buyer - When imported material is purchased for delivery in Oak Ridge, Tennessee and the value of the material is in excess of \$10,000, the *Delivery and Packaging Instructions for Duty-Free Imports to the SNS Project* (Attachment A) shall be included in the purchase order. The Buyer shall also provide the RATS Facility Receiving Department with the completed form - *Notice of Foreign Shipment to SNS Site* (Attachment B).
- (b) Partner Laboratory or Technical Contact - Provides a layman's technical description of the imported material to the RATS Facility Receiving Department.
- (c) RATS Receiving Department - Supplies the description along with information from Attachment B to ORNL Transportation, SNS Procurement and the ORNL Import Broker. This information is needed to accurately identify the item in the HTSUS.
- (d) Seller - Per the instructions in Attachment A, provides ORNL Import Broker and ORNL Transportation with the following documents (1) commercial invoice, (2) original bill of lading/airway bill, (3) itemized packing list with an estimated value, in U.S. dollars, of each item delivered to Oak Ridge, and (4) the name of the carrier and the estimated date of arrival.
- (e) ORNL Import Broker - Notifies SNS Procurement and ORNL Transportation or RATS Receiving Department when the imported material arrives depending on which location will receive the item.
- (f) SNS Procurement - Prepares exemption documentation and submits to DOE Contracting Officer for review and approval.
- (g) DOE Contracting Officer - Executes the exemption certificate and forwards to SNS Procurement.
- (h) SNS Procurement - forwards exemption documentation to ORNL Transportation and RATS Receiving Department.
- (i) ORNL Transportation - Sends exemption to ORNL Import Broker.
- (j) ORNL Import Broker - Clears Customs and, if duty would be required if the material was not exempt under this process, provides the certificate to Customs.
- (k) Import Broker—Documents the duty saved and notifies both ORNL Transportation and RATS Receiving Department of results.

ATTACHMENTS

- A. Delivery and Packaging Instructions for Duty-Free Imports to the SNS Project (Company Jan-03)
- B. Notice of Foreign Shipment to SNS Site

Approved by: Date: 1/10/03

**ATTACHMENT A****Delivery and Packaging Instructions for Duty-Free Imports to the SNS Project (Company Jan-03)**

(a) Material(s) purchased under this agreement is/are for use on the SNS Project at Oak Ridge, Tennessee, USA and may be exempt from United States import duties. The following provisions are included to insure no duty is improperly paid.

(b) Notwithstanding any other provision of this agreement, delivery terms are Incoterms 2000 DDU Oak Ridge, Tennessee, USA. Seller shall not include in the purchase price any the amount for duty, unless such duty is specifically identified as a separate line item in the price. Any amount improperly included by Seller shall be subject to setoff and/or recoupment.

(c)(1) No later than ten working days before shipment of any foreign material, Seller shall provide the following documents to the Company's Import Broker and Company's Transportation Department, at the address provided below: (1) bill of lading/airway bill which names UT-Battelle LLC as the consignee, (2) commercial invoice for items to be delivered to Oak Ridge, TN USA, (3) itemized packing list, (4) name of carrier and (5) estimated delivery date.

(2) The commercial invoice shall include, at a minimum, (1) name and address of the manufacturer (2) description of the item(s), (3) quantities of the item(s) described, (4) value of the delivered item(s) to be delivered in US Dollars, (5) HTSUS number, (6) country of origin, (7) US Customs Entry in Knoxville, TN USA McGhee/Tyson Airport (TYS). All documents listed above shall be in English.

(d) No later than the day of first shipment of any foreign material, Seller shall provide written notice to Company's Import Broker confirming the name of the carrier and estimated date of arrival, and if available, the flight number or name of the transporting vessel.

(e) Notices for the Company's Import Broker shall be sent to: V. Alexander and Company, Inc., 3286 N. Park Blvd. Suite D, Alcoa, TN 37701-3255, Phone: 865-970-7461, Fax: 865-970-7490,

(f) Notices for the Company's Transportation Department shall be sent to: USDOE C/O UT-Battelle, LLC, Oak Ridge National Laboratory, 1 Bethel Valley Rd., P.O. Box 2008, Mail Stop 6288, Oak Ridge, TN 37831, Phone: 865-574-5722, Fax: 865-576-1979.

(g) All shipping documents and packages shall be clearly marked with the following:

***FOR SHIPMENT TO SNS Project for the United States Department of Energy
under Contract No. DE-AC05-00OR22725. Upon arrival of shipment, NOTIFY V. ALEXANDER
AND COMPANY (865) 970-7461 UPON ARRIVAL FOR CUSTOMS CLEARANCE***



ATTACHMENT B

Notice of Foreign Shipment to SNS Site
Send to Transportation/Logistics Coordinator SNS/RATS
115 Union Valley Road
Oak Ridge, TN 37830
Phone: 865-574-1236 Fax: 865-574-5988

Partner Lab: _____

Subcontract Number: _____

APP Number: _____

Price: _____

Buyer: _____

Phone: _____

E-mail: _____

Technical Contact: _____

Phone: _____

E-mail: _____

Description of Goods: _____

Dimensions/Weight: _____

Unusual Receiving/Storage requirements: _____

Estimated Delivery Date: _____

Country of Origin: _____

E-mail to:

Debra Graves

gravesda@sns.gov

or FAX: Transportation/Logistics Coordinator SNS/RATS

115 Union Valley Road

Oak Ridge, TN 37830

Phone: 865-574-1236

Fax: 865-574-5988